

Debt Service

This budgetary unit provides for the payment of principal and interest payments on the City's outstanding debt obligations. These obligations were incurred as a result of long or short-term borrowing or lease financing. Further information about the City's outstanding obligations is provided below.

Notes and Bonds

On February 3, 2003, the City and State renegotiated the remaining balance of a Maryland Industrial and Commercial Redevelopment Fund (MICRF) loan. Under the new terms, the loan has a 0.0% interest rate and matures in February 2011. The principal is to be repaid in eight annual installments of \$5,000 and one final payment of \$2,260.

<u>Fiscal Years</u>	<u>Principal</u>
2009	\$ 5,000
2010	5,000
2011	<u>2,260</u>
Total	<u>\$ 12,260</u>

The City entered into a Memorandum of Understanding Agreement with Montgomery County, Maryland during fiscal year 2000 related to certain infrastructure repair work in the area of Pinecrest. Under this agreement, the County made an interest free loan to the City in the amount of \$455,000 to be used for the infrastructure repair work. As repayment to the County, the County will reduce its annual Municipal Tax Duplication payments to the City for a period of nine years beginning in fiscal year 2000.

The reductions will be made as follows:

<u>Fiscal Years</u>	
2009	\$ <u>55,000</u>
Total	<u>\$ 55,000</u>

On April 16, 2002, the City participated in a bond issuance with the Maryland Department of Housing and Community Development in the amount of \$2,048,700 to be used for the construction of a community center. The principal is to be repaid in variable amounts increasing each year until bond is paid. Principal payment is based on variable interest rate.

The annual installments for the repayment of the bond as of June 30, 2008 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 85,300	\$ 70,523	\$ 155,823
2010	87,100	67,367	154,467
2011	92,500	64,014	156,514
2012	96,500	60,360	156,860
2013 – 2017	545,100	238,111	783,211
2018 – 2022	<u>690,200</u>	<u>101,847</u>	<u>792,047</u>
Total	<u>\$ 1,596,700</u>	<u>\$ 602,222</u>	<u>\$ 2,198,922</u>

On July 15, 2004 the City issued bonds in the amount of \$2,005,000 to be used for street improvement construction projects. The principal is to be repaid with semi-annual payments of \$154,231 at a 3.34% interest rate.

The annual installments for the repayment of the bond as of June 30, 2008 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 308,462	\$ 33,484	\$ 341,946
2010	308,462	23,481	331,943
2011	308,462	12,878	321,340
2012	<u>154,229</u>	<u>2,576</u>	<u>156,805</u>
Total	<u>\$ 1,079,615</u>	<u>\$ 72,419</u>	<u>\$ 1,152,034</u>

On May 26, 2005 the City issued bonds in the amount of \$2,600,000 to be used for the community center construction project. The principal is to be repaid in variable amounts, increasing each year until the bond is paid. Principal payment is based on variable interest rates.

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The annual installments for the repayment of the bond as of June 30, 2008 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 100,500	\$ 98,248	\$ 198,748
2010	103,500	94,278	197,778
2011	107,000	90,190	197,190
2012	110,500	85,696	196,196
2013 – 2017	616,500	355,420	971,920
2018 – 2022	748,500	215,455	963,955
2023 – 2025	<u>529,500</u>	<u>47,793</u>	<u>577,293</u>
Total	<u>\$ 2,316,000</u>	<u>\$ 987,080</u>	<u>\$ 3,303,080</u>

Capital Lease

The City has entered into two capital lease agreements for the purchase of equipment. The equipment underlying these agreements is police equipment with an original cost of \$786,960. The minimum lease payments as of June 30, 2008 are as follows:

<u>Fiscal Year</u>	<u>Police Equipment</u>
2009	\$ 181,767
2010	134,640
2011	<u>118,928</u>
Total payments	435,335
Interest portion	<u>(44,275)</u>
Present value of lease payments	<u>\$ 391,060</u>

During FY08, the City entered into another capital lease for the purchase of police vehicles costing \$220,029. The minimum lease payments as of June 30, 2008 are as follows:

<u>Fiscal Year</u>	<u>Police Vehicles</u>
2009	\$ 49,321
2010	49,321
2011	49,321
2012	<u>49,321</u>
Total payments	\$ 197,284
Interest portion	<u>26,577</u>
Present value of lease payments	<u>\$ 107,707</u>

During FY09, the City plans to lease additional police cars at an estimated cost of \$255,000. The City also anticipates receiving loan proceeds of \$150,000 for the Carroll Avenue Streetscape project. The Carroll Avenue Streetscape loan is expected to be repaid in ten annual principal-only payments of \$15,000.